



**Property & Casualty Program – Data Services**, Mail Code 105-5D  
333 Guadalupe • P. O. Box 149104, Austin, Texas 78714-9104  
512-475-1878 telephone • 512-463-6122 fax • [www.tdi.state.tx.us](http://www.tdi.state.tx.us)

**February 19, 2001**

**Commissioner's Bulletin No. B-0005-02**

**TO: ALL INSURANCE COMPANIES, CORPORATIONS, MUTUALS, RECIPROCALs, ASSOCIATIONS, LLOYDS, OR OTHER INSURERS LICENSED TO WRITE FIRE AND ALLIED LINES, HOMEOWNERS MULTIPLE PERIL PRIVATE PASSENGER AUTOMOBILE AND COMMERCIAL AUTOMOBILE IN THE STATE OF TEXAS**

**RE: 2002 TEXAS DISALLOWED EXPENSE CALL FOR CALENDAR YEAR 2001 EXPERIENCE**

Pursuant to the authority of Texas Insurance Code §38.001, the Texas Department of Insurance requests all companies writing property, residential and automobile insurance in Texas to submit information relating to disallowed expenses on the attached forms.

Article 5.101, §3 of the Insurance Code, prohibits the consideration of certain incurred expenses in the determination of benchmark and individual company rates for lines of insurance regulated under the flexible rating program. This call is designed to provide quantification of such "disallowed" expenses on a countrywide basis.

This call must be completed in accordance with the instructions and returned no later than **April 1, 2002**. Underlying data, individual source documents and other information utilized in the development of your call response must be maintained in your records for a minimum of two years after April 1, 2002.

Failure to comply with the requirements of this call within the time limits specified shall constitute a violation or violations of the Insurance Code and shall subject the insurer to the penalties provided by law.

Questions concerning this call should be directed to Julie Jones at the Texas Department of Insurance at (512) 475-3027.

Sincerely,

Clare Pramuk, Director  
Data Services  
Property and Casualty Division

Attachments

## 2002 Texas Disallowed Expense Call

### **INSTRUCTIONS:**

This call requires that you submit countrywide direct written premiums and insurance expense exhibit data for all property and casualty lines combined if your company had writings in Texas for the year 2001 in one or more of the following lines:

- **Residential Fire**
- **Residential Allied Lines**
- **Homeowners Multiple Peril**
- **Private Passenger Automobile**
- **Commercial Automobile**

### **Transmittal and Affidavit**

When filling out the Transmittal form (page 4) you must include the name of the company/companies and the corresponding NAIC number(s) for each company for which you are submitting data. The Affidavit form (page 8) must be signed by the highest ranking company official with management and control authority over the development of the reported information and must be notarized.

### **Report of Insurance Expense Exhibit Data**

1. Reported experience should be valued as of 12/31/2001

Report all amounts to the nearest thousand (\$000) as they are reported in your companies annual statement's Insurance Expense Exhibit.

If you are submitting a group filing you may do one of the following:

- a) file insurance expense exhibit data in aggregate amounts, or;
- b) make copies of the forms and submit a "Report of Insurance Expense Exhibit Data" for each company in your group.

2. If your company has no experience to report, you can complete the call by sending the transmittal form (check the "NONE OF THE ABOVE" box) and a signed affidavit.
3. Direct premiums written (Line 1) MUST equal the amount reported on Part III - Allocation to Lines of Direct Business Written, column (1) of the Insurance Expense Exhibit.

If your company wrote Residential Fire, column (1), and Residential Allied Lines column (2), your report MUST equal the amount reported on Part III - Allocation to Lines of Direct Business Written, column 1 of the Insurance Expense Exhibit.

4. Other acquisition, field supervision and collection expenses incurred (Lines 2a), MUST equal the amount reported on Part III, column 27 of the Insurance Expense Exhibit.

5. All advertising expenses incurred EXCEPT the following (Line 2b):
  1. Advertising directly related to the services or products provided by the insurer;
  2. Advertising designed and directed at loss prevention; and
  3. Advertising for promotion of organizations exempt from federal taxation under 5.01(c)(3) of the Internal Revenue Code.
6. General expenses incurred (Line 3a) MUST equal the amount reported on Part III, column 29 of the Insurance Expense Exhibit.

**Retention of Records**

The underlying data and other information utilized in the development of your call response must be maintained within your company's records for a minimum of two years after April 1, 2002.

**Due Date:**

The Disallowed Expense Call is due on or before April 1, 2002.

**Disallowed Expense call forms on the Web**

For a copy of this call please see our web site at [www.tdi.state.tx.us](http://www.tdi.state.tx.us) , click on *Popular Links* drop down box and find *Data Calls*.

**Other**

If a TDI acknowledgment of receipt is desired, include a stamped, self-addressed envelope. If you have any questions regarding this matter, please contact Julie Jones at the TDI, Data Services Division at 512/475-3027.

**Mail data call to:**

**Texas Department of Insurance**  
**Attn: Julie Jones**  
**Data Services Division(MC: 105-5D)**  
**P.O. Box 149104**  
**Austin, TX 78714-9104**

**Courier:**

**Texas Department of Insurance**  
**Attn: Julie Jones**  
**Data Services Division (MC:105-5D)**  
**333 Guadalupe**  
**Austin, Texas 78701**

## TEXAS DISALLOWED CALL TRANSMITTAL FORM

(THIS FORM MUST BE FILLED OUT AND RETURNED TO TDI WITH THE FOLLOWING INFORMATION)

**DUE DATE: April 1, 2002**

COMPANY or GROUP NAME: \_\_\_\_\_

NAIC COMPANY GROUP NO.: \_\_\_\_\_ NAIC COMPANY NO.: \_\_\_\_\_

**FOR GROUP FILINGS PLEASE REPORT EACH INDIVIDUAL COMPANY'S NAME AND NAIC COMPANY NUMBER BELOW:**

COMPANY NAME

NAIC NUMBER

_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

Please check each line for which your Group/Company had **TEXAS** direct written premiums in 2001:

- ☐ Residential Fire
- ☐ Residential Allied Lines
- ☐ Homeowners Multiple Peril
- ☐ Private Passenger Automobile
- ☐ Commercial Automobile
- ☐ None of the above

**Name of contact for this report:** \_\_\_\_\_

**Contact's Phone Number:** \_\_\_\_\_

**E-Mail Address:** \_\_\_\_\_

**Fax No.:** \_\_\_\_\_

Group/Company Name: \_\_\_\_\_

**REPORT OF INSURANCE EXPENSE EXHIBIT DATA  
CALENDAR YEAR ENDING 12/31/2001  
(IN THOUSANDS \$000)**

	Column 1		Column 2		Column 3	
LINE	<b>Fire</b> (IEE Part III-Line 1)		<b>Allied Lines</b> (IEE Part III-Line 02.1)		<b>Homeowners Multiple Peril</b> (IEE Part III-Line 04)	
	Amount (in Thousands \$000)	% of Direct Written Premiums (xx.x)	Amount (in Thousands \$000)	% of Direct Written Premiums (xx.x)	Amount (in Thousands \$000)	% of Direct Written Premiums (xx.x)
<b>1</b>	<b>Direct premiums written - must equal the amount reported on Part III, column 1 of the Insurance Expense Exhibit.</b>					
	\$	100%	\$	100%	\$	100%
<b>2a</b>	<b>Other acquisition, field supervision and collection expenses incurred - must equal the amount reported on Part III, column 27 of the Insurance Expense Exhibit.</b>					
	\$	%	\$	%	\$	%
<b>2b</b>	<b>All advertising expenses incurred EXCEPT the following: 1. Advertising directly related to the services or products provided by the insurer; 2. Advertising designed and directed at loss prevention; and 3. Advertising for promotion of organizations exempt from federal taxation under 5.01(c)(3) of the Internal Revenue Code.</b>					
	\$	%	\$	%	\$	%
<b>2c</b>	<b>Adjusted other acquisition, field supervision and collection expenses incurred - line 2a minus line 2b.</b>					
	\$	%	\$	%	\$	%
<b>3a</b>	<b>General expenses incurred - must equal the amount reported on Part III, column 29 of the Insurance Expense Exhibit.</b>					
	\$	%	\$	%	\$	%
<b>3b</b>	<b>Loss control and safety engineering expenses. (Although this is not a disallowed expense, it must be reported separately to ensure appropriate consideration.)</b>					
	\$	%	\$	%	\$	%
<b>3c</b>	<b>All lobbying expenses. Lobbying expenses are considered to include all salaries, fees and other expenses incurred to influence elected or appointed decision-makers regarding legislation or rule making and all other activities required to be reported under the Texas Ethics Law.</b>					
	\$	%	\$	%	\$	%
<b>3d</b>	<b>All amounts paid by an insurer as damages in a suit against the insurer for bad faith or as fines or penalties for violation of law.</b>					
	\$	%	\$	%	\$	%
<b>3e</b>	<b>All contributions to organizations engaged in legislative advocacy.</b>					
	\$	%	\$	%	\$	%
<b>3f</b>	<b>All fees and penalties imposed on the insurer for civil or criminal violations of law.</b>					
	\$	%	\$	%	\$	%
<b>3g</b>	<b>All contributions to social, religious, political or fraternal organizations.</b>					
	\$	%	\$	%	\$	%
<b>3h</b>	<b>All fees and assessments paid to advisory organizations.</b>					
	\$	%	\$	%	\$	%
<b>3i</b>	<b>Disallowed general expenses - sum of lines 3c, 3d, 3e, 3f, 3g and 3h.</b>					
	\$	%	\$	%	\$	%
<b>3j</b>	<b>Adjusted general expenses incurred - line 3a minus line 3b minus line 3i.</b>					
	\$	%	\$	%	\$	%

Group/Company Name: \_\_\_\_\_

**REPORT OF INSURANCE EXPENSE EXHIBIT DATA  
CALENDAR YEAR ENDING 12/31/2001  
(IN THOUSANDS \$000)**

	Column 4		Column 5		Column 6	
	<b><u>Automobile Liability</u></b>		<b><u>Automobile Liability</u></b>		<b>DO NOT WRITE IN THIS</b>	
LINE	Private Passenger Auto (IEE Part III-Lines 19.1 and 19.2)		Commercial (IEE Part III-Lines 19.3 and 19.4)		<b>SECTION</b>	
	Amount (in Thousands \$000)	% of Direct Written Premiums (xx.x)	Amount (in Thousands \$000)	% of Direct Written Premiums (xx.x)		
<b>1</b>	<b>Direct premiums written - must equal the amount reported on Part III, column 1 of the Insurance Expense Exhibit.</b>					
	\$	100%	\$	100%		
<b>2a</b>	<b>Other acquisition, field supervision and collection expenses incurred - must equal the amount reported on Part III, column 27 of the Insurance Expense Exhibit.</b>					
	\$	%	\$	%		
<b>2b</b>	<b>All advertising expenses incurred EXCEPT the following: 1. Advertising directly related to the services or products provided by the insurer; 2. Advertising designed and directed at loss prevention; and 3. Advertising for promotion of organizations exempt from federal taxation under 5.01(c)(3) of the Internal Revenue Code.</b>					
	\$	%	\$	%		
<b>2c</b>	<b>Adjusted other acquisition, field supervision and collection expenses incurred - line 2a minus line 2b.</b>					
	\$	%	\$	%		
<b>3a</b>	<b>General expenses incurred - must equal the amount reported on Part III, column 29 of the Insurance Expense Exhibit.</b>					
	\$	%	\$	%		
<b>3b</b>	<b>Loss control and safety engineering expenses. (Although this is not a disallowed expense, it must be reported separately to ensure appropriate consideration.)</b>					
	\$	%	\$	%		
<b>3c</b>	<b>All lobbying expenses. Lobbying expenses are considered to include all salaries, fees and other expenses incurred to influence elected or appointed decision-makers regarding legislation or rule making and all other activities required to be reported under the Texas Ethics Law.</b>					
	\$	%	\$	%		
<b>3d</b>	<b>All amounts paid by an insurer as damages in a suit against the insurer for bad faith or as fines or penalties for violation of law.</b>					
	\$	%	\$	%		
<b>3e</b>	<b>All contributions to organizations engaged in legislative advocacy.</b>					
	\$	%	\$	%		
<b>3f</b>	<b>All fees and penalties imposed on the insurer for civil or criminal violations of law.</b>					
	\$	%	\$	%		
<b>3g</b>	<b>All contributions to social, religious, political or fraternal organizations.</b>					
	\$	%	\$	%		
<b>3h</b>	<b>All fees and assessments paid to advisory organizations.</b>					
	\$	%	\$	%		
<b>3i</b>	<b>Disallowed general expenses - sum of lines 3c, 3d, 3e, 3f, 3g and 3h.</b>					
	\$	%	\$	%		
<b>3j</b>	<b>Adjusted general expenses incurred - line 3a minus line 3b minus line 3i.</b>					
	\$	%	\$	%		

Group/Company Name: \_\_\_\_\_

**REPORT OF INSURANCE EXPENSE EXHIBIT DATA  
CALENDAR YEAR ENDING 12/31/2001  
(IN THOUSANDS \$000)**

	Column 7		Column 8			
	<b>Automobile Physical Damage</b>		<b>Automobile Physical Damage</b>		<b>Grand Total (IEE Line 32)</b>	
LINE	Private Passenger (IEE Part III-Line 21.1)		Commercial (IEE Part III-Line 21.2)		Amount (in Thousands \$000)	% of Direct Written Premiums (xx.x)
	Amount (in Thousands \$000)	% of Direct Written Premiums (xx.x)	Amount (in Thousands \$000)	% of Direct Written Premiums (xx.x)		
<b>1</b>	<b>Direct premiums written - must equal the amount reported on Part III, column 1 of the Insurance Expense Exhibit.</b>					
	\$	100%	\$	100%	\$	100%
<b>2a</b>	<b>Other acquisition, field supervision and collection expenses incurred - must equal the amount reported on Part III, column 27 of the Insurance Expense Exhibit.</b>					
	\$	%	\$	%	\$	%
<b>2b</b>	<b>All advertising expenses incurred EXCEPT the following: 1. Advertising directly related to the services or products provided by the insurer; 2. Advertising designed and directed at loss prevention; and 3. Advertising for promotion of organizations exempt from federal taxation under 5.01(c)(3) of the Internal Revenue Code.</b>					
	\$	%	\$	%	\$	%
<b>2c</b>	<b>Adjusted other acquisition, field supervision and collection expenses incurred - line 2a minus line 2b.</b>					
	\$	%	\$	%	\$	%
<b>3a</b>	<b>General expenses incurred - must equal the amount reported on Part III, column 29 of the Insurance Expense Exhibit.</b>					
	\$	%	\$	%	\$	%
<b>3b</b>	<b>Loss control and safety engineering expenses. (Although this is not a disallowed expense, it must be reported separately to ensure appropriate consideration.)</b>					
	\$	%	\$	%	\$	%
<b>3c</b>	<b>All lobbying expenses. Lobbying expenses are considered to include all salaries, fees and other expenses incurred to influence elected or appointed decision-makers regarding legislation or rule making and all other activities required to be reported under the Texas Ethics Law.</b>					
	\$	%	\$	%	\$	%
<b>3d</b>	<b>All amounts paid by an insurer as damages in a suit against the insurer for bad faith or as fines or penalties for violation of law.</b>					
	\$	%	\$	%	\$	%
<b>3e</b>	<b>All contributions to organizations engaged in legislative advocacy.</b>					
	\$	%	\$	%	\$	%
<b>3f</b>	<b>All fees and penalties imposed on the insurer for civil or criminal violations of law.</b>					
	\$	%	\$	%	\$	%
<b>3g</b>	<b>All contributions to social, religious, political or fraternal organizations.</b>					
	\$	%	\$	%	\$	%
<b>3h</b>	<b>All fees and assessments paid to advisory organizations.</b>					
	\$	%	\$	%	\$	%
<b>3i</b>	<b>Disallowed general expenses - sum of lines 3c, 3d, 3e, 3f, 3g and 3h.</b>					
	\$	%	\$	%	\$	%
<b>3j</b>	<b>Adjusted general expenses incurred - line 3a minus line 3b minus line 3i.</b>					
	\$	%	\$	%	\$	%

# AFFIDAVIT

(THIS FORM MUST BE FILLED OUT AND RETURNED TO TDI)

THE STATE OF \_\_\_\_\_

COUNTY OF \_\_\_\_\_

I, \_\_\_\_\_, the (position) \_\_\_\_\_  
of the \_\_\_\_\_

being duly sworn, deposes and says that all of the information of the named  
Company/Group contained herein, together with any necessary related exhibits,  
schedules and explanations contained, annexed or referred to are a full and true  
statement in accordance with the instructions provided according to the best of my  
information, knowledge and belief.

\_\_\_\_\_  
Signature

**SUBSCRIBED AND SWORN TO BEFORE ME** this the \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

\_\_\_\_\_  
Notary Public

\_\_\_\_\_  
(Printed Name of Notary)

My Commission Expires:  
\_\_\_\_\_